

ORDINANCE NO. 2015-67

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HIALEAH, FLORIDA AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF TAXABLE SPECIAL OBLIGATION REVENUE BONDS, SERIES 2015A AND SPECIAL OBLIGATION REFUNDING REVENUE BONDS, SERIES 2015B IN THE NOT TO EXCEED AGGREGATE PRINCIPAL AMOUNT OF \$50,000,000 FOR THE PURPOSE OF FUNDING PENSION OBLIGATIONS OF THE ISSUER AND REFUNDING CERTAIN OUTSTANDING OBLIGATIONS; PROVIDING FOR THE PAYMENT OF SUCH BONDS; AUTHORIZING APPROVAL OF THE FORM OF BONDS AND DELEGATING TO THE MAYOR AND CLERK TO EXECUTE SUCH BONDS; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Hialeah, Florida (the "Issuer") is a municipal corporation authorized to issue debt pursuant to the Act; and

WHEREAS, the Issuer has determined that it has unfunded Pension Obligations with respect to the Issuer's Pension Plan; and

WHEREAS, the Issuer is authorized and empowered by the Act to issue the Bonds and use the proceeds thereof, together with other funds of the Issuer, if any, to provide for the funding of the Pension Obligations and the refunding of the Refunded Bonds; and

WHEREAS, the issuance of the Series 2015A Bonds for the purpose of funding all or a portion of the Pension Obligations of the Issuer will serve a public purpose and is in the best interests of the Issuer; and

WHEREAS, the expenditure of proceeds of the Series 2015A Bonds for the purpose of funding the Pension Obligations is hereby deemed to be made for a public purpose and constitutes a "project" within the meaning and contemplation of Section 166.101(8), Florida Statutes; and

WHEREAS, the Issuer desires to refund the Refunded Bonds for savings and the issuance of the Series 2015B Bonds for such purpose will serve a public purpose and is in the best interests of the Issuer; and

WHEREAS, the principal of, premium, if any, and interest on the Bonds and all required sinking fund and other payments with respect thereto shall be payable from the proceeds of Bonds,

the Pledged Revenues and from other moneys deposited in the funds and accounts created by this Ordinance, which the Issuer has full authority to irrevocably pledge; and

WHEREAS, the Issuer shall never be required to levy ad valorem taxes on any real or personal property to pay the principal of, interest on or any premium with respect to the Bonds or to make any of the required sinking fund, reserve or other payments required herein, and the Bonds shall not constitute a lien on any real or personal property owned by or situated within the limits of the Issuer.

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF HIALEAH, FLORIDA:

SECTION 1. Authority for this Ordinance. This Ordinance is enacted pursuant to the Florida Constitution, the City Charter, Chapter 166, Part II, and Chapter 159, Part VII, Florida Statutes, and other applicable provisions of law.

SECTION 2. Definitions. The following terms shall have the following meanings herein, unless the text otherwise expressly requires. Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

"Accreted Value" shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (the principal amount at its initial offering) plus the interest accrued on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Payment Date next preceding the date of computation or the date of computation if a Payment Date, such interest to accrue at a rate not exceeding the legal rate, compounded semi-annually, plus, with respect to matters related to the payment upon redemption or acceleration of the Capital Appreciation Bonds, if such date of computation shall not be a Payment Date, a portion of the difference between the Accreted Value as of the immediately preceding Payment Date and the Accreted Value as of the immediately succeeding Payment Date, calculated based on the assumption that Accreted Value accrues during any semi-annual period in equal daily amounts on the basis of a 360 day year.

"Act" shall mean Chapter 166, Part II, and Chapter 159, Part VII, Florida Statutes, and other applicable provisions of law.

"Additional Bonds" shall mean Bonds issued subsequent to the Series 2015 Bonds on a parity with the Series 2015 Bonds herein authorized.

"Amortization Installments" with respect to any Term Bonds of a Series, shall mean an amount or amounts so designated which is or are established for the Term Bonds of such Series, provided that (i) each such installment shall be deemed to be due on such interest or principal maturity date of each applicable year as is fixed by resolution of the Issuer and shall be a multiple of

\$5,000 principal amount, and (ii) the aggregate of such installments for such Series shall equal the aggregate principal amount of Term Bonds of such Series authenticated and delivered on original issuance.

"Authorized Investments" shall mean any investments authorized by the Issuer's Investment Policy as amended from time to time.

"Bond Insurer" shall mean the provider of a municipal bond insurance policy insuring the payment of principal of or interest on the Series 2015 Bonds or any Additional Bonds.

"Bondholder" shall mean a registered owner of a Bond as shown on the registration books of the Registrar.

"Bond Service Requirement" for any Fiscal Year, as applied to the Bonds of any Series, shall mean the sum of:

(1) the amount required to pay the interest becoming due on the Bonds of such Series during the Fiscal Year (including the accreted interest component of the Accreted Value of Capital Appreciation Bonds maturing during that Fiscal Year), except to the extent that such interest shall have been provided by payments into the Sinking Fund out of Bond proceeds for a specific period of time or by payments of investment income into the Sinking Fund from the Bond Service Account or any subaccounts therein.

(2) the amount required to pay the principal of Serial Bonds of such Series maturing in such Fiscal Year.

(3) the Amortization Installments for the maturities of Term Bonds of such Series for such Fiscal Year.

Notwithstanding the foregoing, for purposes of calculating Bond Service Requirement for any Fiscal Year (i) interest, Accreted Value and principal maturing or becoming subject to redemption on October 1 of any year shall be deemed to mature or become subject to redemption on the last day of the preceding Fiscal Year and (ii) with respect to variable rate bonds, if any, the interest rate used to calculate the Bond Service Requirement shall be assumed to be the highest variable rate borne over the preceding complete twenty-four (24) months by outstanding variable rate bonds issued under this Ordinance, or, if no such variable rate bonds are at the time Outstanding under this Ordinance, by the highest rate determined by the SIFMA Index over the preceding complete twenty-four (24) months, and (iii) if Bonds are option bonds, the date or dates of tender shall be disregarded, unless actually tendered and not remarketed, and the stated maturity dates thereof shall be used for purposes of this calculation, if such option bonds are to be retired on such date of maturity.

"Bonds" shall mean the Series 2015 Bonds and any Additional Bonds.

"Bond Year" shall mean, with respect to the Series 2015 Bonds, the twelve-month period ending on the date that corresponds to the day of the year that immediately precedes the final maturity date for the Series 2015 Bonds, and with respect to any Additional Bonds, such period as may be specified by subsequent resolution of the Issuer authorizing such Additional Bonds.

"Capital Appreciation Bonds" shall mean the Bonds of any Series, the interest on which is payable only at maturity or redemption, as determined by subsequent resolution.

"Capital Appreciation Term Bonds" shall mean Capital Appreciation Bonds of a Series all of which shall be stated to mature on one date, which shall be subject to retirement by operation of the Bond Amortization Account, and the interest on which is payable only at maturity or redemption.

"Closing Date" shall mean, with respect to a particular Series of Bonds issued hereunder, the date of issuance and delivery of such Bonds to the original purchaser or purchasers thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Dated Date" shall mean, with respect to each Series of Bonds, the date on which interest commences to accrue or accrete on such Series of Bonds.

"Federal Securities" shall mean only direct obligations of, or obligations fully guaranteed as to principal and interest by, the United States of America.

"Fiscal Year" shall mean the period commencing on October 1 of each year and ending on the succeeding September 30, or such other period as is at the time prescribed by law.

"Fitch" shall mean Fitch Ratings and its successors.

"Franchise Fee Revenues" shall mean the franchise fees levied and collected by the Issuer, pursuant to Ordinance No. 07-55 duly enacted by the City Council of the Issuer on June 12, 2007, granting the electric franchise to Florida Power & Light Company, its successors and assigns, including any renewals or extensions thereof, or any franchise or franchises granted in substitution therefor, or any franchise or franchises granted in substitution therefor.

"Issuer" shall mean the City of Hialeah, Florida.

"Maturity Amount" shall mean the amount payable upon the stated maturity of a Capital Appreciation Bond equal to the principal amount thereof plus all accrued interest thereon from the date of issue to the date of maturity.

"Maximum Bond Service Requirement" shall mean, as of any particular date of calculation, the greatest amount of aggregate Bond Service Requirements for the then current or any future Fiscal Year.

"Moody's" shall mean Moody's Investors Service, Inc. and its successors.

"Non-Ad Valorem Revenues" shall mean all revenues and taxes of the Issuer derived from any source whatsoever, other than ad valorem taxation on real and personal property, which are legally available for payment of the Bonds.

"Ordinance" shall mean this ordinance as from time to time amended or supplemented, in accordance with the terms hereof.

"Paying Agent" shall mean the Issuer or such person, firm or corporation as may hereafter be from time to time designated by the Issuer as the Paying Agent for a Series of Bonds.

"Payment Date" shall mean, with respect to payment to the Bondholders of principal or interest on the Bonds, or with respect to the mandatory amortization of Term Bonds, the date upon which payment of such principal, interest or Amortization Installment is required to be made to the paying agent.

"Pension Plan" shall mean, separately or collectively, as the case may be, the contributory defined benefit retirement plans of the Issuer known as the Police Pension Fund, Firefighters' Relief and Pension Fund and the Employees' General Retirement System Fund.

"Pension Obligations" shall mean all or a portion of the Issuer's annual required contribution amount to the Pension Plan in order to fund the pension benefits in such Pension Plan.

"Pledged Revenues" shall mean the Franchise Fee Revenues and any funds on deposit in any fund or account created under this Ordinance.

"Refunded Bonds" shall mean the Issuer's loan pursuant to the loan agreement between the Issuer and Florida Municipal Loan Council dated February 1, 2005 in the original principal amount of \$29,996,744.95.

"Registrar" shall mean the paying agent for the Series 2015 Bonds, as Registrar, or such other person, firm or corporation as may hereafter be from time to time designated by the Issuer as the Registrar for the Series 2015 Bonds.

"Reserve Product" shall mean bond insurance, a surety bond or a letter of credit or other credit facility used in lieu of a cash deposit in the Reserve Account and meeting the terms and conditions of Section 17(B)(4) of this Ordinance.

"Reserve Product Provider" shall mean a reputable and nationally recognized bond insurance provider or a bank or other financial institution providing a Reserve Product, whose bond insurance policies insuring, or whose letters of credit, surety bonds or other credit facilities securing, the payment, when due, of the principal of and interest on bond issues by public entities results in such issues being rated in one of the three highest full rating categories by S&P, Moody's or Fitch (as

of the date of issuance of the Series of Bonds for which the Reserve Product is to be utilized).

"Reserve Requirement" shall mean the lesser of (i) the Maximum Bond Service Requirement with respect to Bonds secured by the Reserve Account, (ii) 125% of the average annual Bond Service Requirement with respect to Bonds secured by the Reserve Account, or (iii) the largest amount as shall not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes with respect to Bonds secured by the Reserve Account; provided, however, the Issuer may establish by supplemental resolution or ordinance a different Reserve Requirement for a subaccount of the Reserve Account which secures a Series of Bonds pursuant to Section 17.B.(3) hereof.

"Resolution" shall mean a resolution of the Issuer, supplementing the Ordinance, adopted for the purpose of issuing Bonds, as from time to time amended or supplemented, in accordance with the terms hereof.

"S&P" shall mean Standard & Poor's Ratings Services and its successors.

"Serial Bonds" shall mean any Bonds for the payment of the principal of which, at the maturity thereof, no Amortization Installments are required to be made prior to the twelve-month period immediately preceding the stated date of maturity of such Serial Bonds.

"Series" shall mean any portion of the Bonds of an issue authenticated and delivered in a single transaction, payable from an identical source of revenue and identified pursuant to the supplemental ordinance or resolution authorizing such Bonds as a separate Series of Bonds, regardless of variations in maturity, interest rate, Amortization Installments or other provisions, and any Bonds thereafter authenticated and delivered in lieu of or in substitution of a Series of Bonds issued pursuant to this Ordinance.

"Series 2015 Bonds" shall mean, collectively, the Series 2015A Bonds and the Series 2015B Bonds.

"Series 2015A Bonds" shall mean the Issuer's Taxable Special Obligation Revenue Bonds, Series 2015A issued pursuant to this Ordinance.

"Series 2015B Bonds" shall mean the Issuer's Special Obligation Refunding Revenue Bonds, Series 2015B issued pursuant to this Ordinance.

"SIFMA Index" shall mean The Securities Industry and Financial Markets Association™ Municipal Swap Index as disseminated by Municipal Market Data, a Thomson Financial Services Company, or its successor or as otherwise designated by the Securities Industry and Financial Markets Association or any successor thereto.

"State" shall mean the State of Florida.

"Taxable Bonds" shall mean Bonds, the interest on which is not excluded from gross income of the Bondholder for federal income tax purposes by Section 103 of the Code.

"Term Bonds" shall mean the Bonds of a Series all of which shall be stated to mature on one date and which shall be subject to retirement by operation of the Bond Amortization Account.

SECTION 3. Incorporation by Reference. The WHEREAS clauses are incorporated herein and made a part of this Ordinance.

SECTION 4. Ordinance to Constitute Contract. In consideration of the acceptance of the Bonds by the Bondholders from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders. The covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal Bondholders of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided therein and herein.

SECTION 5. Authority for the Funding of the Pension Obligations, Refunding the Refunded Bonds and the Issuance of the Series 2015 Bonds. The funding of all or a portion of the Pension Obligations, refunding the Refunded Bonds and the issuance of the Bonds, specifically including the Series 2015 Bonds, for such purposes is hereby authorized. Subject to the provisions hereof, Series 2015A Bonds to be known as the "City of Hialeah, Florida, Taxable Special Obligation Revenue Bonds, Series 2015A" (or such other Series designation as shall be designated by subsequent resolution) and Series 2015B Bonds to be known as the "City of Hialeah, Florida, Special Obligation Refunding Revenue Bonds, Series 2015B", are hereby authorized to be issued, in one or more Series, in an aggregate principal amount not to exceed Fifty Million Dollars (\$50,000,000), for the purpose of funding of all or a portion of the Pension Obligations, refunding the Refunded Bonds and paying the costs of issuance of the Series 2015 Bonds. Additional Bonds in excess of the principal amount of the Series 2015 Bonds issued pursuant to this Ordinance may be issued from time to time pursuant to Section 17(G) hereof.

The Issuer may by supplemental resolution specify for each Series of Bonds, including the Series 2015 Bonds, the following: the authorized principal amount of Bonds for which such Series of Bonds is issued; the date and terms of maturity or maturities of the Bonds and the interest payment dates with respect thereto; the interest rate or rates of the Bonds, which may include variable, dual, convertible or other rates, compound interest, Capital Appreciation Bonds, original issue discount and zero interest rate bonds, provided that the average net interest cost rate on such Bonds shall never exceed the maximum interest rate permitted by law in effect at the time such Bonds are issued; and provided further that in the event original issue discount, zero interest rate, Capital Appreciation Bonds, or similar Bonds are issued, only the original principal amount of such Bonds shall be deemed to be issued on the date of issuance for the purposes of the maximum amount of Bonds authorized hereunder; the denominations, numbering and lettering of such Bonds, provided that the Bonds shall be in the denominations of \$5,000, or any integral multiple thereof, or in the

case of Capital Appreciation Bonds, \$5,000 amount due at maturity or any integral multiple thereof, or any other denomination designated by ordinance or resolution of the Issuer enacted or adopted prior to the issuance of such Bonds; the Paying Agent and place or places of payment of such Bonds; the redemption prices for such Bonds and any terms of redemption or any formula for accretion upon redemption, not inconsistent with the provisions of this Ordinance, which may include mandatory redemptions or purchases at the election of the holder or registered owner thereof; the amount and date of each Amortization Installment, if any, for such Term Bonds, provided that each Amortization Installment shall fall due on December 1; the use of proceeds of such Bonds not inconsistent with this Ordinance, and any other terms or provisions applicable to the Bonds, not inconsistent with the provisions of this Ordinance or the Act. All of the foregoing may be added by supplemental resolution or resolutions adopted at any time and from time to time prior to the issuance of any Series of such Bonds. Unless otherwise so provided, each Bond shall bear interest from the later of the Dated Date or original issue date shown thereon or the most recent interest payment date to which interest has been paid, until payment of the principal sum or until provision for the payment thereof on or after the maturity or redemption date has been duly provided for. The Series 2015 Bonds may be issued in one or more Series and the Series designation of such Bonds may be changed to reflect the date and sequence of issuance, and the particular terms thereof.

Except as otherwise provided by subsequent resolution, all Bonds issued hereunder shall be in registered form, shall be payable in lawful money of the United States of America and shall bear interest from their date, or from such other date as the Issuer may determine, which in the case of Current Interest Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof unless otherwise provided by subsequent ordinance or resolution. Principal, and any Accreted Value on Capital Appreciation Bonds, shall be payable at maturity or earlier redemption thereof upon presentation and surrender of such Bonds at the principal office of the Registrar by check or draft unless otherwise provided by subsequent ordinance or resolution. In addition, notwithstanding the foregoing, if and to the extent permitted by applicable law, the Issuer may establish a system of registration and may issue thereunder uncertificated registered public obligations (not represented by instruments) commonly known as book-entry obligations, certificated registered public obligations (represented by instruments), combinations thereof, or such other obligations as may then be permitted by law. The Issuer shall appoint such registrars, transfer agents, depositaries or other agents as may be necessary to cause the registration, registration of transfer and reissuance of the Bonds within a commercially reasonable time according to the then current industry standards and to cause the timely payment of interest, principal and premiums, if any, payable with respect to the Bonds. Registration and registration of transfer of the Series 2015 Bonds shall be subject to the terms set forth in the form of the Series 2015 Bonds in Section 9 hereof. If the Issuer adopts a system for the issuance of uncertificated registered public obligations, it may permit thereunder the conversion, at the option of a holder of any Bond then outstanding, of a certificated registered public obligation to an uncertificated registered public obligation, and the reconversion of the same. A list of the names and addresses of the registered owners of the Bonds shall be maintained at all times by the Registrar.



SECTION 6. Description of Series 2015 Bonds. The Series 2015 Bonds shall be dated as of a date or dates to be fixed by subsequent resolution of the Issuer, but not later than their date of delivery; shall be designated "RA-\_\_\_", with respect to the Series 2015A Bonds, and numbered consecutively from one upward in order of authentication and "RB-\_\_\_", with respect to the Series 2015B Bonds and numbered consecutively from one upward in order of authentication; shall be in such denominations, shall bear interest at such rate or rates not exceeding the maximum legal rate allowable by law to be payable at such times, and shall mature either annually or semi-annually on such dates and in such years and amounts, all as shall be determined by subsequent resolution of the Issuer. The Series 2015 Bonds shall bear interest from their date or from the most recent Payment Date to which interest has been paid, until payment of the principal sum.

The Series 2015 Bonds shall be issued in fully registered form, payable as to principal and premium, if any, upon presentation and surrender thereof on the date fixed for maturity or redemption thereof at the corporate trust office of the Paying Agent hereafter named. Interest on each Series 2015 Bond shall be paid by check or draft mailed to the person in whose name the Series 2015 Bond is registered, at his or her address as it appears on the bond register maintained by the Registrar, at the close of business on the 15th day of the month (whether or not a business day) next preceding the Payment Date (the "Record Date"), irrespective of any transfer of such Series 2015 Bond subsequent to such Record Date and prior to such Payment Date, unless the Issuer shall be in default in payment of interest due on such Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date for the payment of defaulted interest as established by notice mailed by the Registrar to the registered owner of the Series 2015 Bonds not less than fifteen days preceding such special record date. Such notice shall be mailed to the person in whose name such 2015 Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing. All payments shall be made in accordance with and pursuant to the terms of this Ordinance and the Series 2015 Bonds and shall be payable in any coin or currency of the United States of America which, at the time of payment is legal tender for the payment of public or private debts.

No Series 2015 Bond shall be valid or become obligatory for any purpose or be entitled to any security or benefit under this Ordinance until the certificate of authentication endorsed on the Series 2015 Bond shall have been duly signed by the Registrar.

If the date for payment of the principal of, premium, if any, or interest on the Series 2015 Bonds shall be a Saturday, Sunday, legal holiday or a day on which the banking institutions in the city where the corporate trust office of the Paying Agent is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday or legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

SECTION 7. Execution of Series 2015 Bonds. The Series 2015 Bonds shall be executed in the name of the Issuer by its Mayor and attested by the City Clerk, and approved as to form and correctness by the City Attorney, either manually or with his/her facsimile signature, and the official seal of the Issuer or a facsimile thereof shall be affixed thereto or reproduced thereon. The facsimile signature of such officers may be imprinted or reproduced on the Series 2015 Bonds. The Certificate of Authentication of the Registrar shall appear on the Series 2015 Bonds, and no Series 2015 Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless such certificate shall have been duly executed on such Series 2015 Bond. The authorized signature for the Registrar shall be either manual or facsimile; provided, however, that at least one of the signatures appearing on the Series 2015 Bonds shall at all times be a manual signature. In case any officer whose signature shall appear on any Series 2015 Bonds shall cease to be such officer before the delivery of such Series 2015 Bonds, such signature or facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Any Series 2015 Bonds may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Series 2015 Bonds shall hold the proper office with the Issuer, although at the date of enactment of this Ordinance such person may not have held such office or may not have been so authorized.

SECTION 8. Negotiability. Subject to the provisions hereof respecting registration and transfer, Bonds shall be and shall have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, and each successive holder, in accepting any of the Bonds, shall be conclusively deemed to have agreed that the Bonds shall be and have all of such qualities and incidents of negotiable instruments under the Uniform Commercial Code - Investment Securities of the State of Florida.

SECTION 9. Registration, Exchange and Transfer. There shall be a Registrar for Bonds, which may be the Issuer or a designated bank or trust company located within or without the State of Florida. The Registrar shall maintain the registration books of the Issuer and be responsible for the transfer and exchange of the Bonds. The Issuer shall, prior to the proposed date of delivery of the Bonds, by resolution designate the Registrar. The Registrar shall maintain the books for the registration of the transfer and exchange of the Bonds in compliance with the Florida Registered Public Obligations Act and the system of registration as established by the Issuer pursuant thereto.

Each Bond shall be transferable only upon the registration books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the registered owner thereof in person or by such registered owner's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the registered owner or such registered owner's duly authorized attorney. Upon the transfer of any such Bond, the Issuer shall issue, and cause to be authenticated, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and maturity as the surrendered Bond. The Issuer, the Registrar and any paying agent or fiduciary of the Issuer may deem and treat the person in whose name any Bond shall be registered upon the books of the Issuer as the absolute owner of such Bond, whether such Bond shall be overdue or not,

for the purpose of receiving payment of, or on account of, the principal and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon such registered owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the Issuer nor the Registrar nor any paying agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

Upon surrender for transfer or exchange of any Bond, the Issuer shall execute and the Registrar shall authenticate and deliver in the name of the registered owner or the transferee or transferees, as the case may be, a new fully registered Bond or Bonds of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Ordinance. The Issuer or the Registrar may charge the owner of such Bond for every such transfer or exchange an amount sufficient to reimburse them for their reasonable fees and for any tax, fee, or other governmental charge required to be paid with respect to such transfer, and may require that such charge be paid before any such new Bond shall be delivered.

All Bonds presented for transfer, exchange, redemption or payment (if so required by the Registrar), shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Registrar, duly executed by the registered holder or by his duly authorized attorney in fact or legal representative.

All Bonds delivered upon transfer or exchange shall bear interest from the preceding Payment Date so that neither gain nor loss in interest shall result from the transfer or exchange. New Bonds delivered upon any transfer or exchange shall be valid obligations of the Issuer, evidencing the same debt as the Bond surrendered, shall be secured by this Ordinance and shall be entitled to all of the security and the benefits hereof to the same extent as the Bonds surrendered.

The Issuer and the Registrar may treat the registered owner of any Bond as the absolute owner thereof for all purposes, whether or not such Bonds shall be overdue, and shall not be bound by any notice to the contrary.

Notwithstanding the foregoing provisions of this section, the Issuer reserves the right, on or prior to the delivery of the Bonds to amend or modify the foregoing provisions relating to the registration of the Bonds by resolution or ordinance in order to comply with all applicable laws, rules, and regulations of the United States and/or the State of Florida relating thereto.

SECTION 10. Book Entry Registration. With respect to any Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), all payments of interest on such Bonds shall be made by the Registrar by check and/or draft or by bank wire transfer to Cede & Co., as Bondholder of such Bonds and the Issuer and the Registrar shall have no responsibility or obligation to any direct or indirect participant in the DTC book-entry program (a "Participant"). Without limiting the immediately preceding sentence, the Issuer and the Registrar shall have no responsibility or obligation with

respect to (A) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest on the Bonds, (B) the delivery to any Participant or any other person other than a Bondholder, as shown in the registration books kept by the Registrar, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant or any other person, other than a Bondholder, as shown in the registration books kept by the Registrar, of any amount with respect to principal, interest or redemption premium, if any, of the Bonds. The Issuer and the Registrar may treat and consider the person in whose name each Bond is registered in the registration books kept by the Registrar as the Bondholder and absolute owner of such Bond for the purpose of payment of principal, interest or redemption premium, if any, with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Registrar shall pay all principal, interest or redemption premium, if any, of the Bonds only to or upon the order of the respective Bondholders, as shown in the registration books kept by the Registrar, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal, interest or redemption premium, if any, of the Bonds to the extent of the sum or sums so paid. No person other than a Bondholder, as shown in the registration books kept by the Registrar, shall receive a certificated Bond evidencing the obligation of the Issuer to make payments of principal, interest or redemption premium, if any, pursuant to the provisions hereof. Upon delivery by DTC to the Issuer of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to transfers during the 15 days next preceding a payment date or mailing of notice of redemption, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC; and upon receipt of such notice, the Issuer shall promptly deliver a copy of the same to the Registrar and the Paying Agent.

Upon (i) receipt by the Issuer of written notice from DTC (a) to the effect that a continuation of the requirement that any Bonds be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of such Bonds or (b) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, or (ii) determination by the Issuer, in its sole discretion, that such book-entry only system should be discontinued by the Issuer, such Bonds shall no longer be restricted to being registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, but shall be registered in whatever name or names holders shall designate, in accordance with the provisions of this Ordinance. In such event, the Issuer shall issue and the Registrar shall authenticate, transfer and exchange Bonds consistent with the terms of this Ordinance, in denominations of \$5,000 or any integral multiple thereof to the Bondholders thereof. The foregoing notwithstanding, until such time as participation in the book-entry only system is discontinued, the provisions set forth in the existing Blanket Issuer Letter of Representations previously executed by the Issuer and delivered to

DTC shall apply to the payment of principal, interest and redemption premium, if any, on such Bonds.

SECTION 11. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder furnishing the Issuer proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Bonds so surrendered shall be canceled by the Registrar. If any of the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bonds be at any time found by anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien on the source and security for payment from the funds, as hereinafter pledged, to the same extent as all other Bonds issued hereunder.

SECTION 12. Provisions for Redemption. The Series 2015 Bonds shall be redeemable as provided by subsequent resolution of the Issuer.

Bonds in denominations greater than an authorized denomination (or authorized Maturity Amount in the case of Capital Appreciation Bonds) shall be deemed to be an equivalent number of Bonds in the denomination of an authorized denomination. If a Bond is of a denomination or Maturity Amount larger than an authorized denomination, a portion of such Bond may be redeemed, in the amount of an authorized denomination or Maturity Amount or integral multiples thereof.

Notice of such redemption, identifying the Bonds or portions thereof called for redemption (i) shall be filed with the Paying Agent and any Registrar; and (ii) shall be mailed by the Registrar, first-class mail, postage prepaid, to all registered owners of the Bonds to be redeemed not more than thirty (30) days and not less than fifteen (15) days prior to the date fixed for redemption at their addresses as they appear on the registration books to be maintained in accordance with the provisions hereof. Failure to give such notice by mailing to any owner of Bonds, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Bonds.

If less than all of a Series of Bonds of like maturity are called for redemption, the particular Bonds or portions thereof to be redeemed will be selected by lot by the Paying Agent and Registrar in such manner as the Paying Agent and Registrar deems fair and appropriate. The portion of any Bonds to be redeemed of a denomination of more than \$5,000 will be redeemed in the principal

amount of \$5,000 or an integral multiple thereof, and, in selecting portions of such Bonds for redemption, the Paying Agent and Registrar will treat each such Bond as representing that number of Bonds in \$5,000 denominations which is obtained by dividing the principal amount of such Bonds to be redeemed in part by \$5,000.

Notice having been mailed and filed in the manner and under the conditions hereinabove provided, the Bonds or portions of Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date. On the date so designated for redemption, notice having been mailed and filed and moneys for payment of the redemption price being held in separate accounts in trust for the holders of the Bonds or portions thereof to be redeemed, all as provided in this Ordinance, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds and portions of Bonds shall cease to be entitled to any lien, benefit or security under this Ordinance, and the registered owners of such Bonds or portions of Bonds, shall have no rights in respect thereof except to receive payment of the redemption price thereof.

Upon surrender of any Bond for redemption in part only, the Issuer shall issue and deliver to the holder thereof, the costs of which shall be paid by the holder, a new Bond or Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion surrendered.

SECTION 13. Form of Bonds. The text of the Bonds, the Certificate of Authentication and the Assignment shall be in substantially the forms attached hereto as Exhibit A, with such omissions, insertions and variations as may be necessary and desirable and authorized and permitted by this Ordinance or by any subsequent ordinance or resolution adopted prior to the issuance thereof.

SECTION 14. Bonds Not Debt of Issuer. The Bonds shall not be or constitute a general indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from and secured by a prior lien upon and pledge of the Pledged Revenues herein provided. No Bondholder shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer or taxation in any form of any real property therein to pay such Bonds or the interest thereon or be entitled to payment of such principal and interest from any other funds of the Issuer except from the Pledged Revenues and other amounts specifically pledged therefor in the manner provided herein. The Bonds shall not constitute a lien upon the Issuer's Pension Plan or any part thereof, or upon any other property of the Issuer except upon the Pledged Revenues and other amounts specifically pledged therefore in the manner hereinafter provided.

SECTION 15. Security for the Bonds. Until payment has been provided for as herein permitted, the payment of the principal of and interest on the Bonds shall be secured forthwith equally and ratably by an irrevocable lien on the Pledged Revenues prior and superior to all other liens or encumbrances on such Pledged Revenues, and the Issuer does hereby irrevocably pledge

such Pledged Revenues to the payment of the principal of and interest on the Bonds, the reserves therefor, and for all other required payments.

To the extent that the Pledged Revenues are not adequate to pay the Bond Service Requirement and all other payments required hereunder, the Issuer hereby covenants and agrees to budget and appropriate and deposit Non-Ad Valorem Revenues of the Issuer in an amount which is equal to the deficiency in the Sinking Fund for the applicable Fiscal Year to the credit of the Sinking Fund. Such covenant and agreement on the part of the Issuer to budget and appropriate sufficient amounts of Non-Ad Valorem Revenues shall be cumulative, and shall continue until such Non-Ad Valorem Revenues in amounts sufficient to make up all deficiencies with respect to the required payments hereunder and under the Bonds as and when due, including any delinquent payments, shall have been budgeted, appropriated and actually paid into the Sinking Fund.

The Pledged Revenues shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge, shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer. All deposits into the funds and accounts created herein shall be deemed to be held in trust by the Issuer by the Finance Director for the purposes herein provided.

Until such monies are budgeted, appropriated and deposited as provided herein, such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor does it preclude the Issuer from pledging in the future its Non-Ad Valorem Revenues, nor does it require the Issuer to levy and collect any particular Non-Ad Valorem Revenues (except the Pledged Revenues), nor does it give the Bondholders a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the Issuer. Nothing herein shall be deemed a pledge of ad valorem revenues or to permit or constitute a mortgage or lien upon any assets or property owned by the Issuer and no Bondholder or any other person, the Bond Insurer or the Paying Agent, may compel the levy of ad valorem taxes on real or personal property within the boundaries of the Issuer. The obligations hereunder do not constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provision or limitation, and neither the Paying Agent, the Bond Insurer or the Bondholders or any other person shall have the right to compel the exercise of the ad valorem taxing power of the Issuer or taxation of any real or personal property therein for the payment by the Issuer of its obligations hereunder. Except to the extent expressly set forth in this Ordinance, this Ordinance and the obligations of the Issuer hereunder shall not be construed as a limitation on the ability of the Issuer to pledge or covenant to pledge said Non-Ad Valorem Revenues or any revenues or taxes of the Issuer for other legally permissible purposes. Notwithstanding any provisions of this Ordinance or the Bonds to the contrary, the Issuer shall never be obligated to maintain or continue any of the activities of the Issuer which generate user service charges, regulatory fees or any Non-Ad Valorem Revenues or the rates for such services or regulatory fees. Neither this Ordinance nor the obligations of the Issuer hereunder shall be construed as a pledge of or a lien on all or any legally available Non-Ad Valorem Revenues of the Issuer, but shall be payable solely as provided herein and is subject in all respects to the provisions of Section 166.241, Florida Statutes, and is subject, further, to the payment

of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the Issuer. The amounts available to be budgeted and appropriated to make debt service payments hereunder is subject to the obligation of the Issuer to provide essential services.

SECTION 16. Creation of Funds and Accounts. There are hereby created and established (i) the "City of Hialeah Revenue Fund" (hereinafter called the "Revenue Fund"), and (ii) the "City of Hialeah Sinking Fund" (hereinafter called the "Sinking Fund") and three accounts therein, the "Bond Service Account", the "Bond Amortization Account" and the "Reserve Account" (and a subaccount in the Reserve Account may be created for each Series of Bonds).

The Sinking Fund created hereunder and all accounts and subaccounts therein and any accounts created therein constitute trust funds for the purposes herein and in any subsequent resolution provided, shall be delivered to and held by the Finance Director (or an authorized depository designated by the Finance Director), in each case who shall act as trustee of such funds for the purposes hereof, and shall at all times be kept separate and distinct from all other funds of the Issuer and used only as herein provided. Moneys held in the Sinking Fund and the accounts and subaccounts therein shall be subject to a lien and charge in favor of the holders and registered owners of the Bonds as herein provided.

The designation and establishment of the various funds and accounts in and by this Ordinance shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues and assets of the Issuer for certain purposes and to establish certain priorities for application of such revenues and assets as herein provided.

SECTION 17. Covenants of the Issuer. Until all principal of and interest on the Bonds shall have been paid or provided for as herein permitted, the Issuer covenants with the Bondholders as follows:

A. REVENUE FUND. The Pledged Revenues shall, upon receipt thereof by the Issuer, be deposited in the Revenue Fund together with any Non-Ad Valorem Revenues, if necessary. Such Revenue Fund shall constitute a trust fund for the purposes herein provided, and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner herein provided.

B. DISPOSITION OF REVENUES. All revenues at any time remaining on deposit in the Revenue Fund shall be disposed of on or before the twentieth day of each month, only in the following manner and in the following order of priority:

(1) Revenues shall be applied and allocated to the Bond Service Account in the Sinking Fund, in such sums as will be sufficient to pay (a) one-sixth (1/6) of all interest becoming



due on the Bonds on the next semi-annual interest Payment Date; (b) one-twelfth (1/12) of all principal or Accreted Value maturing annually on the Serial Bonds on the next maturity date and (c) an amount sufficient to pay the fees and charges of the paying agents. Such deposits shall be increased or may be decreased as necessary to ensure that sufficient money will be on deposit on each interest and principal Payment Date to pay the then maturing interest on and principal of the Bonds and any applicable fees and charges. The money in the Bond Service Account shall be used solely to pay such interest, principal, any fees and charges as and when the same shall become due.

(2) There shall be applied and allocated to a Bond Amortization Account in the Sinking Fund during each Bond Year, on a parity with the payments required in paragraph (1) above, an amount equal to one-twelfth (1/12) of the Amortization Installment or Accreted Value on a Capital Appreciation Term Bond, if any, becoming due and payable on the next Payment Date, less any amount then on deposit in such Bond Amortization Account and available for such one-twelfth portion of the payment of the next ensuing Amortization Installment. Such payments shall be credited to a separate special account for each Series of Term Bonds outstanding, and if there shall be more than one stated maturity for Term Bonds of a Series then into a separate special account in the Bond Amortization Account for each such separate maturity of Term Bonds. The funds and investments in each separate account shall be pledged solely to the payment of principal of the Term Bonds of the Series or maturity within a Series for which it is established and shall not be available for payment, purchase or redemption of Term Bonds of any other Series or within a Series, or for transfer to the Bond Service Account in the Sinking Fund to make up any deficiencies in required payments therein.

Upon the sale of any Series of Term Bonds, the Issuer shall, by resolution or ordinance, establish the amounts and maturities of such Amortization Installments for each Series and if there shall be more than one maturity of Term Bonds within a Series, the Amortization Installments for the Term Bonds of each maturity. In the event the moneys deposited for retirement of a maturity of Term Bonds are required to be invested in the manner provided below, then the Amortization Installments may be stated in terms of either the principal amount of the investments to be purchased on, or the cumulative amounts of the principal amount of investments required to have been purchased by the payment date of such Amortization Installment.

Moneys in each of the separate special accounts in the Bond Amortization Account shall be used for the open market purchase or the redemption of Term Bonds of the Series or maturity of Term Bonds within a Series for which such separate special account is established or may remain in said separate special account and be invested until the stated date of maturity of the Term Bonds. The resolution or ordinance establishing the Amortization Installments for any Series or maturity of Term Bonds may limit the use of moneys to any one or more of the uses set forth in the preceding sentence.

(3) Revenues shall next be applied and allocated to the Reserve Account, created and established in the Sinking Fund, to maintain an amount equal to the Reserve Requirement.

Moneys in the Reserve Account shall be used only for the purpose of the payment of maturing principal of, Accreted Value or interest on the Bonds, or maturing Amortization Installments, when the other moneys allocated to the Sinking Fund are insufficient therefor, and for no other purpose. However, whenever the moneys applied and allocated to the Reserve Account exceed the principal, interest and redemption premium, if any, on all then outstanding Bonds becoming due in the current or any ensuing Fiscal Year, or exceed the amount required to be on deposit pursuant to the first paragraph of this subsection (3), such excess may be withdrawn and applied and allocated into the Revenue Fund or the Sinking Fund.

Notwithstanding anything herein to the contrary, the Issuer may establish a separate subaccount in the Reserve Account for any Series of Bonds and provide a pledge of such subaccount to the payment of such Series of Bonds apart from the pledge provided herein. To the extent a Series of Bonds is secured separately by a subaccount of the Reserve Account, the Bondholders of such Bonds shall not be secured by any other moneys in the Reserve Account or any other subaccount therein. Moneys in a separate subaccount of the Reserve Account shall be maintained at the Reserve Requirement applicable to such Series of Bonds secured by the subaccount; provided the supplemental resolution authorizing such Series of Bonds may establish the Reserve Requirement relating to such separate subaccount of the Reserve Account at such level as the Issuer deems appropriate. Moneys shall be deposited in the separate subaccounts in the Reserve Account on a pro-rata basis.

(4) Upon the issuance of any Additional Bonds under the terms, limitations and conditions as provided herein, the applications and allocations into the Reserve Account and the Sinking Fund shall be increased in such amounts as are necessary to make the payments required above for the principal of and interest on such Additional Bonds, all on the same basis as provided herein.

The Issuer shall not be required to make any further applications or allocations to the Sinking Fund or the Reserve Account when the aggregate sums applied and allocated thereto are and remain at least equal to the amounts required pursuant to subsections (1) - (4) hereof.

Notwithstanding the foregoing provisions, in lieu of the required deposits of Pledged Revenues into the respective subaccount in the Reserve Account for a Series of Bonds, the Issuer may cause to be deposited into the respective subaccount in the Reserve Account a Reserve Product issued by a reputable and recognized Reserve Product Provider for the benefit of the Bondholders of such Series in an amount equal to the difference between the amount required and the sums then on deposit in the respective subaccount in the Reserve Account, if any, which Reserve Product shall be payable (upon the giving of notice as required thereunder) on any interest payment date on which a deficiency exists which cannot be cured by funds in any other account held pursuant to this Ordinance and available for such purpose. If a disbursement is made from a Reserve Product provided pursuant to this paragraph, the Issuer shall be obligated to either reinstate the maximum limits of such surety bond or insurance policy immediately following such disbursement or to apply and allocate into the Reserve Account, as herein provided in this paragraph for restoration of

withdrawals from the Reserve Account, funds in the amount of the disbursement made under such policy, or a combination of such alternatives.

(5) The balance of any moneys remaining in the Revenue Fund after the above required applications and allocations have been made may be used for any other lawful purpose.

C. INVESTMENT OF FUNDS. The Sinking Fund, the Reserve Account, the Revenue Fund and any other special funds or accounts herein established and created shall constitute trust funds for the purposes provided herein for such funds. All such funds shall be continuously secured in the same manner as state and municipal deposits are required to be secured by the laws of the State of Florida. Moneys on deposit in any of such funds and accounts may be invested and reinvested in Authorized Investments.

Investments made with moneys in the Revenue Fund and the Bond Service Account, must mature not later than the date that such moneys will be needed. Investments made with moneys in the accounts in the Bond Amortization Account and in each subaccount in the Reserve Account must mature, in the case of the accounts in the Bond Amortization Account not later than the stated date of maturity of the Term Bonds to be retired from the sub-accounts in the Bond Amortization Account from which the investment is made, and in the case of the Reserve Account not later than the final maturity of the respective Series of Bonds secured by such subaccount in the Reserve Account. Any and all income received by the Issuer from all such investments may be used for any lawful purpose.

The cash required to be accounted for in each of the foregoing funds and accounts established herein may be deposited in a single bank account, and funds allocated to the various accounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the cash on deposit therein and such investments for the various purposes of such funds and accounts as herein provided.

D. ENFORCEMENT OF COLLECTIONS. The Issuer will diligently enforce and collect the Pledged Revenues herein pledged; will take steps, actions and proceedings for the enforcement and collection of such Pledged Revenues as shall become delinquent to the full extent permitted or authorized by law; and will maintain accurate records with respect thereof. All Pledged Revenues shall, as collected, be held in trust to be applied as herein provided and not otherwise.

E. BOOKS AND RECORDS. The Issuer shall keep books and records of the Pledged Revenues, which such books and records shall be kept separate and apart from all other books, records and accounts of the Issuer, and Bondholders shall have the right at all reasonable times to inspect all records, accounts and data of the Issuer relating thereto.

F. ISSUANCE OF OTHER OBLIGATIONS. Except under the conditions and in the manner provided herein the Issuer will not issue any other obligations payable from the Pledged

Revenues, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge, having priority to or being on a parity with the lien of the Bonds and the interest thereon, upon the Pledged Revenues. All other obligations issued by the Issuer, other than the Bonds herein authorized and Additional Bonds provided for in subsection H below, payable from the Pledged Revenues shall be, and shall contain an express statement that such obligations are, junior and subordinate in all respects to the Bonds, as to lien on and source and security for payment from the Pledged Revenues.

G. ISSUANCE OF ADDITIONAL BONDS. Additional Bonds, payable on a parity from the Pledged Revenues with the Series 2015 Bonds and any Additional Bonds then outstanding issued pursuant to this Ordinance, shall be issued only upon the conditions and in the manner herein provided:

(1) The Issuer shall prepare prior to the issuance of such Additional Bonds and keep on file a certificate: (a) stating that the financial statements of the Issuer have been audited by an independent certified public accountant; (b) setting forth the amount of Franchise Fee Revenues received by the Issuer for the most recent full Fiscal Year for which an audit has been prepared; (c) stating that the Franchise Fee Revenues for such Fiscal Year equal at least 2.00 times the Maximum Bond Service Requirement on (i) all outstanding Bonds and all Additional Bonds, if any, then outstanding and (ii) the Additional Bonds with respect to which such certificate is made.

(2) Each ordinance or resolution authorizing the issuance of Additional Bonds must recite that all of the covenants contained herein and will be applicable to such Additional Bonds.

(3) The Issuer must not be in default in performing any of the covenants and obligations contained in this Ordinance, and all payments therein required to have been made into the accounts and funds, as provided hereunder, shall have been made to the full extent required.

H. IMPAIRMENT OF CONTRACT. The pledging of the Pledged Revenues in the manner provided herein shall not be subject to repeal, modification or impairment by any subsequent ordinance, resolution or other proceedings of the City Council.

The Issuer covenants that it will not impair or adversely affect the power and right of the Issuer to receive the Franchise Fee Revenues or affect the levying of the Franchise Fee Revenues for the term of the Bonds. The Issuer covenants that it will not repeal the ordinances levying the Franchise Fee Revenues nor amend or modify said ordinances in any manner so as to reduce the rate or amount of Franchise Fee Revenues levied thereunder.

I. TAX COVENANTS. (A) The Issuer covenants with the Bondholders of each Series of Bonds (other than Taxable Bonds) that it shall not use the proceeds of such Series of Bonds in any manner which would cause the interest on such Series of Bonds to be or become includable in the gross income of the Bondholder thereof for federal income tax purposes.

(B) The Issuer covenants with the Bondholders of each Series of Bonds (other than Taxable Bonds) that neither the Issuer nor any Person under its control or direction will make any use of the proceeds of such Series of Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Series of Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and neither the Issuer nor any other Person shall do any act or fail to do any act which would cause the interest on such Series of Bonds to become includable in the gross income of the Bondholder thereof for federal income tax purposes.

(C) The Issuer hereby covenants with the Bondholders of each Series of Bonds (other than Taxable Bonds) that it will comply with all provisions of the Code necessary to maintain the exclusion of interest on the Bonds from the gross income of the Bondholder thereof for federal income tax purposes, including, in particular, the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code.

(D) The Issuer may, if it so elects, issue one or more Series of Taxable Bonds the interest on which is (or may be) includable in the gross income of the Bondholder thereof for federal income tax purposes, so long as each Bond of such Series states in the body thereof that interest payable thereon is (or may be) subject to federal income taxation and provided that the issuance thereof will not cause the interest on any other Bonds theretofore issued hereunder to be or become includable in the gross income of the Bondholder thereof for federal income tax purposes. The covenants set forth in paragraphs (A), (B) and (C) above shall not apply to any Taxable Bonds.

(E) There is hereby created and established a fund to be known as the "City of Hialeah Special Obligation Revenue Bonds Rebate Fund" (the "Rebate Fund"), and a separate account therein for each Series of Bonds (other than Taxable Bonds). The Issuer shall deposit into the appropriate account in the Rebate Fund, from investment earnings on moneys deposited in the other funds and accounts created hereunder, or from any other legally available funds of the Issuer, an amount equal to the rebate amount (the "Rebate Amount") for such rebate year. The Issuer shall use such moneys deposited in the appropriate account in the Rebate Fund only for the payment of the Rebate Amount to the United States as required by this Section 17.I. In complying with the foregoing, the Issuer may rely upon any instructions or opinions from Bond Counsel.

If any amount shall remain in the Rebate Fund after payment in full of all Bonds issued hereunder that are not Taxable Bonds and after payment in full of the Rebate Amount to the United States in accordance with the terms hereof, such amounts shall be available to the Issuer for any lawful purpose.

The Rebate Fund shall be held separate and apart from all other funds and accounts of the Issuer, shall not be impressed with a lien in favor of the Bondholders and the moneys therein shall be available for use only as herein provided.

SECTION 18. Capital Appreciation Bonds. For the purposes of (i) receiving payment of the redemption price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) receiving

payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable under the provisions of the Ordinance, or (iii) computing the amount of the Maximum Bond Service Requirement and of Bonds held by the registered owner of a Capital Appreciation Bond in giving to the Issuer or the Paying Agent any notice, consent, request or demand pursuant to the Ordinance for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

SECTION 19. Defeasance.

(a) If, at any time, the Issuer shall have paid, or shall have made provision for payment of, the principal, interest, Accreted Value and redemption premiums, if any, with respect to the Bonds or any Series of Bonds, then, and in that event, the pledge of and lien on the Pledged Revenues and all covenants herein in favor of the Bondholders of such Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit of non-callable Federal Securities, bank certificates of deposit fully secured as to principal and interest by non-callable Federal Securities (or deposit of any other securities or investments which may be authorized by law from time to time and sufficient under such law to effect such a defeasance) or non-callable tax-exempt bonds, having a rating in the highest rating category by Fitch, Moody's or S&P, all in irrevocable trust with a banking institution or trust company, for the sole benefit of the Bondholders, in respect to which such Federal Securities, certificates of deposit or tax exempt bonds, the principal and interest received will be sufficient to make timely payment of the principal of, interest on, redemption premium, if any, and any other obligations of the Issuer incurred with respect to the outstanding Bonds to be defeased, shall be considered "provision for payment." Nothing herein shall be deemed to require the Issuer to call any of the outstanding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Issuer in determining whether to exercise any such option for early redemption.

(b) In the event any of the principal and redemption premium, if applicable, and interest due on the Bonds shall be paid by a Bond Insurer pursuant to an insurance policy which insures against non-payment thereof, the pledge of the Pledged Revenues and all covenants, agreements and other obligations of the Issuer to the registered owners to whom or for the benefit of whom the Bond Insurer has made such payments, shall continue to exist and the Bond Insurer shall be subrogated to the rights of such registered owners to the full extent of such payments.

SECTION 18. Events of Default. The following events shall each constitute an "Event of Default:"

A. The Issuer shall fail to make a payment of the principal of, Amortization Installment, redemption premium or interest on any Bond when such payment becomes due and such failure is not cured within ten days.

B. There shall occur the dissolution or liquidation of the Issuer, or the filing by the Issuer of a voluntary petition in bankruptcy, or the commission by the Issuer of any act of

bankruptcy, or adjudication of the Issuer as a bankrupt, or assignment by the Issuer for the benefit of its creditors, or appointment of a receiver for the Issuer, or the entry by the Issuer into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Issuer in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted.

C. The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds, this Ordinance, or a Resolution on the part of the Issuer to be performed, and such default shall continue for a period of thirty days after written notice of such default shall have been received from the Bondholders of not less than twenty-five percent (25%) of the aggregate principal amount of Bonds Outstanding or the Bond Insurer of such amount of Bonds. Notwithstanding the foregoing, the Issuer shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes curative action and diligently pursues such action until the default has been corrected.

SECTION 21. Remedies. Any Bondholder, or any trustee acting for the Bondholders may, either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State, or granted and contained herein, and may enforce and compel the performance of all duties herein required or by any applicable statutes to be performed by the Issuer or by any officer thereof.

Nothing herein, however, shall be construed to grant to any Bondholders any lien on any real property of the Issuer.

Anything in this Ordinance to the contrary notwithstanding, upon the occurrence and continuance of an event of default, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders under this Ordinance, and the Bond Insurer shall also be entitled to approve all waivers of events of default so long as the Bond Insurer is fully performing under its municipal bond insurance policy.

SECTION 22. Modification or Amendment. No material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto may be made without the consent in writing of (i) the Bond Insurer under any insurance policy of the insurer then in force, if any, which insures against nonpayment of principal of and redemption premium, if applicable, and interest on, the Bonds, provided no event of default on the part of the Bond Insurer has occurred and is continuing under the insurance policy and the Bond Insurer is not insolvent at the time, or (ii), in the event no such Bond Insurer is then providing an insurance policy which insures against nonpayment of principal of and redemption premium, if applicable, and interest on, the Bonds, the registered owners of two-thirds (2/3) or more in the principal amount of the Bonds; provided, however, that no modification or amendment shall permit a change in the

maturity of the Bonds or reduction in the rate of interest thereon or in the amount of the principal obligation thereof or affecting the promise of the Issuer to pay the principal of and interest on the Bonds as the same shall become due from the Pledged Revenues or reduce the percentage of registered owners required to consent to any material modification or amendment hereof without the consent in writing of any Bond Insurer of such Bonds and of all registered owners; provided further, however, that no such modification or amendment shall allow or permit any acceleration of the payment of principal of or interest on the Bonds upon any default in the payment thereof whether or not the Bond Insurer and registered owners consent thereto.

SECTION 23. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued hereunder.

SECTION 24. Repealing Clause. All ordinances or resolutions or parts thereof of the Issuer in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

SECTION 25. Effective Date. This Ordinance shall become effective when passed by the City Council and signed by the Mayor or at the next regularly scheduled City Council meeting, if the Mayor's signature is withheld or if the City Council overrides the Mayor's veto.

PASSED AND ADOPTED this 10 day of NOVEMBER, 2015.

  
Isis Garcia-Martinez  
Council President

Attest:

Approved on this 10 day of NOVEMBER, 2015.

  
Marbelys Fatjo, City Clerk

  
Mayor Carlos Hernandez

Approved as to form and legal sufficiency:

  
Lorena E. Bravo, City Attorney

Ordinance was adopted by a (7-0) unanimous vote with Councilmembers, Caragol, Cue-Fuente, Garcia-Martinez, Hernandez, Gonzalez, Lozano and Casals-Muñoz voting "Yes".



EXHIBIT A  
FORM OF BONDS

No. R[A][B]-

\$

UNITED STATES OF AMERICA  
STATE OF FLORIDA  
MIAMI-DADE COUNTY  
CITY OF HIALEAH  
[TAXABLE] SPECIAL OBLIGATION REVENUE [REFUNDING] BONDS, SERIES \_\_\_\_

Rate of Interest

Maturity Date

Dated Date

Cusip

Registered Owner:

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS, that the City of Hialeah, Florida, a municipal corporation of the State of Florida (hereinafter called "Issuer"), for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount shown above, solely from the revenues hereinafter mentioned, and to pay solely from such revenues, interest on said sum from the date of this Bond or from the most recent Payment Date to which interest has been paid, at the Rate of Interest per annum set forth above until the payment of such principal sum, such interest being payable on \_\_\_\_ 1, 20\_\_, and semiannually thereafter on \_\_\_\_ 1 and \_\_\_\_ 1 of each year. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof on the date fixed for maturity or redemption at the designated office of \_\_\_\_\_ (the "Paying Agent") in \_\_\_\_\_, Florida, or at the office designated for such payment of any successor thereof. The interest on this Bond, when due and payable, shall be paid by check or draft mailed to the Registered Owner, at his address as it appears on the Bond Register, at the close of business on the 15<sup>th</sup> day of the month (whether or not a business day) next preceding the Payment Date (the "Record Date") or, in the case of payment after default, a special record date, as provided in the Resolution hereinafter mentioned. All amounts due hereunder shall be payable in any coin or currency of the United States which is at the time of payment legal tender for the payment of public or private debts.

This Bond is one of a duly authorized issue of Bonds of the Issuer designated "[Taxable] Special Obligation Revenue [Refunding] Bonds, Series \_\_\_\_" in the aggregate principal amount of \$\_\_\_\_\_, of like tenor and effect, except as to number, date, maturity, interest rate and redemption provisions, issued to finance the funding of the Issuer's [Pension Obligation] and [refunding the Refunded Bonds] pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly Chapter 166, Part II, Florida Statutes, and other applicable provisions of law, Ordinance No. \_\_\_\_ enacted \_\_\_\_\_, 2015, (the "Ordinance"), as supplemented by Resolution No. \_\_\_\_ adopted on \_\_\_\_\_, 2015, and is subject to all the terms and conditions of such Ordinance, the provisions of which are incorporated herein by reference. (All terms used herein in capitalized form and not otherwise defined herein shall have the meaning ascribed thereto in the Ordinance.)

This Bond and the issue of Bonds of which it is a part are special obligations of the Issuer payable solely from and secured by a prior lien upon and pledge of the Franchise Fee Revenues, as defined in the Ordinance, and any funds on deposit in any fund or account created under the Ordinance (the "Pledged Revenues") and to the extent that the Pledged Revenues are not adequate to pay the Bond Service Requirement and all other payments required under the Ordinance, the Issuer covenants and agrees to budget and appropriate and deposit Non-Ad Valorem Revenues of the Issuer in an amount which is equal to the deficiency in the Sinking Fund for the applicable Fiscal Year to the credit of the Sinking Fund, all in the manner provided in the Ordinance.

This Bond does not constitute a general obligation, or a pledge of the faith, credit or taxing power of the Issuer, the State of Florida or any political subdivision thereof, within the meaning of any constitutional or statutory provision or limitation. Neither the State of Florida nor any political subdivision thereof, nor the Issuer shall be obligated (1) to exercise its ad valorem taxing power or any other taxing power in any form on any real or personal property in the Issuer to pay the principal of the Bonds, the interest thereon or other costs incident thereto or (2) to pay the same from any other funds of the Issuer, except from the Pledged Revenues and the Non-Ad Valorem Revenues, in the manner provided herein and in the Ordinance. It is further agreed between the Issuer and the Registered Owner of this Bond that this Bond and the indebtedness evidenced hereby shall not constitute a lien on the Issuer's Pension Plan or any other property of the Issuer, but shall constitute a lien only on the Pledged Revenues, in the manner provided in the Ordinance.

[Interest payable on this Bond is subject to federal income taxation, and provided that the issuance thereof will not cause the interest on any other Bonds theretofore issued under the Ordinance to be or become includable in the gross income of the Bondholder thereof for federal income tax purposes.]

(INSERT REDEMPTION PROVISIONS)

Bonds in denominations greater than \$5,000 Principal Amount shall be deemed to be an equivalent number of Bonds of the denomination of \$5,000 Principal Amount. Notice of redemption identifying the Bonds or portions thereof to be redeemed will be given by the Registrar as provided in the Ordinance. All Bonds so called for redemption will cease to bear interest after the specified redemption date provided funds for their redemption are on deposit at the place of payment at that time.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, and that the issuance of the Bonds of this issue does not violate any constitutional or statutory limitations or provisions.

Subject to the provisions of the Ordinance respecting registration, this Bond is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code - Investment Securities of the State of Florida.

Subject to the limitations and upon payment of the charges provided in the Ordinance, Bonds may be exchanged for a like aggregate Principal Amount of Bonds of the same maturity of other authorized denominations, and are transferable by the Registered Owner in person or by his attorney duly authorized in writing at the above-mentioned office of the Registrar.

The Issuer shall deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the Issuer shall not be affected by any notice to the contrary.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the certificate of authentication endorsed hereon shall have been duly signed by the Registrar.

IN WITNESS WHEREOF, the City of Hialeah, Florida, has issued this Bond and has caused the same to be executed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, and its official seal or a facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon, as of \_\_\_\_\_, 2015.

CITY OF HIALEAH, FLORIDA

(SEAL)

ATTEST:

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

Approved as to Form  
and Correctness:

\_\_\_\_\_  
City Attorney

## CERTIFICATE OF AUTHENTICATION OF REGISTRAR

This Bond is one of the issue of the within described Bonds. The Rate of Interest, Maturity Date, Registered Owner and Principal Amount shown above are correct in all respects and have been recorded, along with the applicable federal taxpayer identification number and the address of the Registered Owner, in the Bond Register maintained at the principal offices of the undersigned.

Date of Registration and  
Authentication:

\_\_\_\_\_

\_\_\_\_\_  
Registrar

By: \_\_\_\_\_  
Authorized Officer

## ASSIGNMENT

FOR VALUE RECEIVED, the undersigned (the "Transferor"), hereby sells, assigns, and transfers  
unto \_\_\_\_\_

\_\_\_\_\_ (Please insert name and Social Security or  
Federal Employer Identification number of assignee) the within bond and all rights thereunder, and  
hereby irrevocably constitutes and appoints \_\_\_\_\_ (the "Transferee") as attorney to  
register the transfer of the within Bond on the books kept for registration thereof, with full power of  
substitution in the premises.

Date:

Signature Guaranteed:

NOTICE: Signature(s) must be  
guaranteed by a member firm of  
the New York Stock Exchange or  
a commercial bank or a trust  
company.

NOTICE: No transfer will be registered and  
no new Bond will be issued in the name of the  
Transferee, unless the signature(s) to this  
assignment corresponds with the name as it  
appears upon the face of the within Bond in  
every particular, without alteration or  
enlargement or any change whatever and the  
Social Security or Federal Employer  
Identification Number of the Transferee is  
supplied.

The following abbreviations, when used in the inscription on the face of the within bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in  
common

UNIF GIF MIN ACT -  
(Cust.)

TEN ENT - as tenants by the  
entireties

Custodian for  
(Minor)

JT TEN - as joint tenants with  
right of survivorship  
and not as tenants  
in common

under Uniform Gifts to Minors Act  
of  
(State)

Additional abbreviations may also be used though not in list above.



## SOURCES AND USES OF FUNDS

### City of Hialeah Series 2015AB Proposed Financing

Dated Date                      11/30/2015  
Delivery Date                11/30/2015

Sources:	Taxable Special Obligation Revenue Bonds, Series 2015A	Special Obligation Refunding Revenue Bonds, Series 2015B	Total
Bond Proceeds:			
Par Amount	25,000,000.00	21,405,000.00	46,405,000.00
Premium		2,436,230.20	2,436,230.20
	25,000,000.00	23,841,230.20	48,841,230.20
<hr/>			
Uses:	Taxable Special Obligation Revenue Bonds, Series 2015A	Special Obligation Refunding Revenue Bonds, Series 2015B	Total
Project Fund Deposits:			
Project Fund	24,786,647.72		24,786,647.72
Refunding Escrow Deposits:			
Cash Deposit		0.99	0.99
SLGS Purchases		23,657,102.00	23,657,102.00
		23,657,102.99	23,657,102.99
Delivery Date Expenses:			
Cost of Issuance	140,852.28	120,597.72	261,450.00
Underwriter's Discount	72,500.00	62,074.50	134,574.50
	213,352.28	182,672.22	396,024.50
Other Uses of Funds:			
Additional Proceeds		1,454.99	1,454.99
	25,000,000.00	23,841,230.20	48,841,230.20

**Notes:**

Preliminary numbers for discussion purposes only. Based on current market conditions as of October 2015.

\*Estimated Costs of Issuance and Underwriter's Discount





## BOND SUMMARY STATISTICS

City of Hialeah  
Series 2015AB Proposed Financing

Dated Date	11/30/2015
Delivery Date	11/30/2015
First Coupon	06/01/2016
Last Maturity	12/01/2034
Arbitrage Yield	4.085130%
True Interest Cost (TIC)	4.213237%
Net Interest Cost (NIC)	4.377029%
All-In TIC	4.273568%
Average Coupon	4.791213%
Average Life (years)	11.975
Duration of Issue (years)	9.119
Par Amount	46,405,000.00
Bond Proceeds	48,841,230.20
Total Interest	26,625,194.42
Net Interest	24,323,538.72
Total Debt Service	73,030,194.42
Maximum Annual Debt Service	3,972,240.18
Average Annual Debt Service	3,843,132.58
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	2.900000
Total Underwriter's Discount	2.900000
Bid Price	104.959930

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	38,375,000.00	106.348	4.668%	10.805	28,622.50
Term 2035	8,030,000.00	100.000	5.153%	17.567	9,636.00
	46,405,000.00			11.975	38,258.50

	TIC	All-In TIC	Arbitrage Yield
Par Value	46,405,000.00	46,405,000.00	46,405,000.00
+ Accrued Interest			
+ Premium (Discount)	2,436,230.20	2,436,230.20	2,436,230.20
- Underwriter's Discount	-134,574.50	-134,574.50	
- Cost of Issuance Expense		-261,450.00	
- Other Amounts			
Target Value	48,706,655.70	48,445,205.70	48,841,230.20
Target Date	11/30/2015	11/30/2015	11/30/2015
Yield	4.213237%	4.273568%	4.085130%

## SUMMARY OF REFUNDING RESULTS

### City of Hialeah Series 2015AB Proposed Financing

	Special Obligation Refunding Revenue Bonds, Series 2015B	Total
Dated Date	11/30/2015	11/30/2015
Delivery Date	11/30/2015	11/30/2015
Arbitrage Yield	4.085130%	4.085130%
Escrow Yield	0.068862%	0.068862%
Value of Negative Arbitrage	78,236.83	78,236.83
Bond Par Amount	21,405,000.00	21,405,000.00
True Interest Cost	3.752708%	3.752708%
Net Interest Cost	4.032554%	4.032554%
Average Coupon	5.000000%	5.000000%
Average Life	11.465	11.465
Par amount of refunded bonds	23,195,000.00	23,195,000.00
Average coupon of refunded bonds	4.885091%	4.885091%
Average life of refunded bonds	11.235	11.235
PV of prior debt	25,134,376.34	25,134,376.34
Net PV Savings	2,025,451.09	2,025,451.09
Percentage savings of refunded bonds	8.732275%	8.732275%
Percentage savings of refunding bonds	9.462514%	9.462514%



SUMMARY OF BONDS REFUNDED

City of Hialeah  
Series 2015AB Proposed Financing

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 2005A, 2005A:					
BOND	02/01/2018	5.000%	775,000.00	12/30/2015	100.000
	02/01/2019	5.000%	815,000.00	12/30/2015	100.000
	02/01/2020	5.000%	855,000.00	12/30/2015	100.000
	02/01/2021	5.000%	900,000.00	12/30/2015	100.000
	02/01/2022	5.000%	945,000.00	12/30/2015	100.000
	02/01/2023	5.000%	990,000.00	12/30/2015	100.000
	02/01/2024	5.000%	1,045,000.00	12/30/2015	100.000
	02/01/2025	5.000%	1,095,000.00	12/30/2015	100.000
TERM17	02/01/2016	3.950%	715,000.00	12/30/2015	100.000
	02/01/2017	3.950%	745,000.00	12/30/2015	100.000
TERM29	02/01/2026	4.500%	1,150,000.00	12/30/2015	100.000
	02/01/2027	4.500%	1,205,000.00	12/30/2015	100.000
	02/01/2028	4.500%	1,260,000.00	12/30/2015	100.000
TERM35	02/01/2029	4.500%	1,315,000.00	12/30/2015	100.000
	02/01/2030	5.000%	1,375,000.00	12/30/2015	100.000
	02/01/2031	5.000%	1,445,000.00	12/30/2015	100.000
	02/01/2032	5.000%	1,520,000.00	12/30/2015	100.000
	02/01/2033	5.000%	1,600,000.00	12/30/2015	100.000
	02/01/2034	5.000%	1,680,000.00	12/30/2015	100.000
	02/01/2035	5.000%	1,765,000.00	12/30/2015	100.000
			23,195,000.00		

## SAVINGS

### City of Hialeah Series 2015AB Proposed Financing

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 11/30/2015 @ 4.0851300%
09/30/2016	1,820,648.75	538,097.92	1,282,550.83	1,270,098.27
09/30/2017	1,821,813.75	1,752,750.00	69,063.75	54,378.31
09/30/2018	1,817,725.00	1,747,000.00	70,725.00	53,798.84
09/30/2019	1,817,975.00	1,749,500.00	68,475.00	49,689.95
09/30/2020	1,816,225.00	1,745,125.00	71,100.00	49,982.12
09/30/2021	1,817,350.00	1,748,750.00	68,600.00	45,970.88
09/30/2022	1,816,225.00	1,745,250.00	70,975.00	46,037.06
09/30/2023	1,812,850.00	1,744,625.00	68,225.00	42,176.00
09/30/2024	1,816,975.00	1,746,625.00	70,350.00	42,041.05
09/30/2025	1,813,475.00	1,741,250.00	72,225.00	41,714.05
09/30/2026	1,815,225.00	1,743,375.00	71,850.00	39,783.70
09/30/2027	1,817,237.50	1,747,625.00	69,612.50	36,742.63
09/30/2028	1,816,775.00	1,744,000.00	72,775.00	37,212.04
09/30/2029	1,813,837.50	1,742,500.00	71,337.50	34,874.25
09/30/2030	1,809,875.00	1,738,000.00	71,875.00	33,825.29
09/30/2031	1,809,375.00	1,740,250.00	69,125.00	30,999.74
09/30/2032	1,810,250.00	1,739,000.00	71,250.00	30,893.62
09/30/2033	1,812,250.00	1,744,000.00	68,250.00	28,166.49
09/30/2034	1,810,250.00	1,740,125.00	70,125.00	27,975.00
09/30/2035	1,809,125.00	1,737,375.00	71,750.00	27,636.81
	36,295,462.50	33,675,222.92	2,620,239.58	2,023,996.10

### Savings Summary

PV of savings from cash flow	2,023,996.10
Plus: Refunding funds on hand	1,454.99
Net PV Savings	2,025,451.09

## BOND PRICING

### City of Hialeah Series 2015AB Proposed Financing

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Taxable Special Obligation Revenue Bonds, Series 2, Bond Component:									
	12/01/2016		1.240%	1.240%	100.000				
	12/01/2017		1.728%	1.728%	100.000				
	12/01/2018		2.184%	2.184%	100.000				
	12/01/2019	1,150,000	2.583%	2.583%	100.000				
	12/01/2020	1,185,000	2.933%	2.933%	100.000				
	12/01/2021	1,220,000	3.140%	3.140%	100.000				
	12/01/2022	1,260,000	3.440%	3.440%	100.000				
	12/01/2023	1,305,000	3.785%	3.785%	100.000				
	12/01/2024	1,360,000	3.935%	3.935%	100.000				
	12/01/2025	1,415,000	4.035%	4.035%	100.000				
	12/01/2026	1,475,000	4.185%	4.185%	100.000				
	12/01/2027	1,540,000	4.385%	4.385%	100.000				
	12/01/2028	1,610,000	4.535%	4.535%	100.000				
	12/01/2029	1,685,000	4.685%	4.685%	100.000				
	12/01/2030	1,765,000	4.785%	4.785%	100.000				
		16,970,000							
Taxable Special Obligation Revenue Bonds, Series 2, Term 2035:									
	12/01/2031	1,855,000	5.153%	5.153%	100.000				
	12/01/2032	1,955,000	5.153%	5.153%	100.000				
	12/01/2033	2,055,000	5.153%	5.153%	100.000				
	12/01/2034	2,165,000	5.153%	5.153%	100.000				
		8,030,000							
Special Obligation Refunding Revenue Bonds, Series, Bond Component:									
	12/01/2016	700,000	5.000%	0.730%	104.258				29,806.00
	12/01/2017	730,000	5.000%	1.200%	107.497				54,728.10
	12/01/2018	770,000	5.000%	1.500%	110.239				78,840.30
	12/01/2019	805,000	5.000%	1.750%	112.511				100,713.55
	12/01/2020	850,000	5.000%	2.020%	114.112				119,952.00
	12/01/2021	890,000	5.000%	2.290%	115.118				134,550.20
	12/01/2022	935,000	5.000%	2.540%	115.690				146,701.50
	12/01/2023	985,000	5.000%	2.780%	115.830				155,925.50
	12/01/2024	1,030,000	5.000%	2.980%	115.847				163,224.10
	12/01/2025	1,085,000	5.000%	3.150%	114.629 C	3.273%	02/01/2025	100.000	158,724.65
	12/01/2026	1,145,000	5.000%	3.320%	113.182 C	3.543%	02/01/2025	100.000	150,933.90
	12/01/2027	1,200,000	5.000%	3.430%	112.257 C	3.724%	02/01/2025	100.000	147,084.00
	12/01/2028	1,260,000	5.000%	3.510%	111.591 C	3.858%	02/01/2025	100.000	146,046.60
	12/01/2029	1,320,000	5.000%	3.590%	110.928 C	3.975%	02/01/2025	100.000	144,249.60
	12/01/2030	1,390,000	5.000%	3.680%	110.189 C	4.085%	02/01/2025	100.000	141,627.10
	12/01/2031	1,460,000	5.000%	3.750%	109.618 C	4.170%	02/01/2025	100.000	140,422.80
	12/01/2032	1,540,000	5.000%	3.810%	109.131 C	4.241%	02/01/2025	100.000	140,617.40
	12/01/2033	1,615,000	5.000%	3.860%	108.728 C	4.299%	02/01/2025	100.000	140,957.20
	12/01/2034	1,695,000	5.000%	3.910%	108.326 C	4.352%	02/01/2025	100.000	141,125.70
		21,405,000							2,436,230.20
		46,405,000							2,436,230.20

Dated Date	11/30/2015	
Delivery Date	11/30/2015	
First Coupon	06/01/2016	
Par Amount	46,405,000.00	
Premium	2,436,230.20	
Production	48,841,230.20	105.249930%
Underwriter's Discount	-134,574.50	-0.290000%
Purchase Price	48,706,655.70	104.959930%
Accrued Interest		
Net Proceeds	48,706,655.70	



**BOND DEBT SERVICE**

City of Hialeah  
Series 2015AB Proposed Financing

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
09/30/2016			1,083,899.75	1,083,899.75	1,083,899.75
03/30/2017	700,000	5.000%	1,077,911.35	1,777,911.35	
09/30/2017			1,060,411.35	1,060,411.35	2,838,322.70
03/30/2018	730,000	5.000%	1,060,411.35	1,790,411.35	
09/30/2018			1,042,161.35	1,042,161.35	2,832,572.70
03/30/2019	770,000	5.000%	1,042,161.35	1,812,161.35	
09/30/2019			1,022,911.35	1,022,911.35	2,835,072.70
03/30/2020	1,955,000	** %	1,022,911.35	2,977,911.35	
09/30/2020			987,934.10	987,934.10	3,965,845.45
03/30/2021	2,035,000	** %	987,934.10	3,022,934.10	
09/30/2021			949,306.08	949,306.08	3,972,240.18
03/30/2022	2,110,000	** %	949,306.08	3,059,306.08	
09/30/2022			907,902.08	907,902.08	3,967,208.16
03/30/2023	2,195,000	** %	907,902.08	3,102,902.08	
09/30/2023			862,855.08	862,855.08	3,965,757.16
03/30/2024	2,290,000	** %	862,855.08	3,152,855.08	
09/30/2024			813,532.95	813,532.95	3,966,388.03
03/30/2025	2,390,000	** %	813,532.95	3,203,532.95	
09/30/2025			761,024.95	761,024.95	3,964,557.90
03/30/2026	2,500,000	** %	761,024.95	3,261,024.95	
09/30/2026			705,352.33	705,352.33	3,966,377.28
03/30/2027	2,620,000	** %	705,352.33	3,325,352.33	
09/30/2027			645,862.95	645,862.95	3,971,215.28
03/30/2028	2,740,000	** %	645,862.95	3,385,862.95	
09/30/2028			582,098.45	582,098.45	3,967,961.40
03/30/2029	2,870,000	** %	582,098.45	3,452,098.45	
09/30/2029			514,091.70	514,091.70	3,966,190.15
03/30/2030	3,005,000	** %	514,091.70	3,519,091.70	
09/30/2030			441,620.58	441,620.58	3,960,712.28
03/30/2031	3,155,000	** %	441,620.58	3,596,620.58	
09/30/2031			364,642.95	364,642.95	3,961,263.53
03/30/2032	3,315,000	** %	364,642.95	3,679,642.95	
09/30/2032			280,348.88	280,348.88	3,959,991.83
03/30/2033	3,495,000	** %	280,348.88	3,775,348.88	
09/30/2033			191,478.30	191,478.30	3,966,827.18
03/30/2034	3,670,000	** %	191,478.30	3,861,478.30	
09/30/2034			98,156.23	98,156.23	3,959,634.53
03/30/2035	3,860,000	** %	98,156.23	3,958,156.23	
09/30/2035					3,958,156.23
	46,405,000		26,625,194.42	73,030,194.42	73,030,194.42

## BOND DEBT SERVICE BREAKDOWN

City of Hialeah  
Series 2015AB Proposed Financing

Period Ending	Taxable Special Obligation Revenue Bonds, Series 2015A	Special Obligation Refunding Revenue Bonds, Series 2015B	Total
09/30/2016	545,801.83	538,097.92	1,083,899.75
09/30/2017	1,085,572.70	1,752,750.00	2,838,322.70
09/30/2018	1,085,572.70	1,747,000.00	2,832,572.70
09/30/2019	1,085,572.70	1,749,500.00	2,835,072.70
09/30/2020	2,220,720.45	1,745,125.00	3,965,845.45
09/30/2021	2,223,490.18	1,748,750.00	3,972,240.18
09/30/2022	2,221,958.16	1,745,250.00	3,967,208.16
09/30/2023	2,221,132.16	1,744,625.00	3,965,757.16
09/30/2024	2,219,763.03	1,746,625.00	3,966,388.03
09/30/2025	2,223,307.90	1,741,250.00	3,964,557.90
09/30/2026	2,223,002.28	1,743,375.00	3,966,377.28
09/30/2027	2,223,590.28	1,747,625.00	3,971,215.28
09/30/2028	2,223,961.40	1,744,000.00	3,967,961.40
09/30/2029	2,223,690.15	1,742,500.00	3,966,190.15
09/30/2030	2,222,712.28	1,738,000.00	3,960,712.28
09/30/2031	2,221,013.53	1,740,250.00	3,961,263.53
09/30/2032	2,220,991.83	1,739,000.00	3,959,991.83
09/30/2033	2,222,827.18	1,744,000.00	3,966,827.18
09/30/2034	2,219,509.53	1,740,125.00	3,959,634.53
09/30/2035	2,220,781.23	1,737,375.00	3,958,156.23
	39,354,971.50	33,675,222.92	73,030,194.42



COST OF ISSUANCE

City of Hialeah  
Series 2015AB Proposed Financing

Cost of Issuance	\$/1000	Amount
Bond Counsel Fee (est.)	1.50846	70,000.00
Bond Counsel Expenses	0.21549	10,000.00
Disclosure Counsel Fee (est.)	1.07747	50,000.00
Disclosure Counsel Expenses	0.06465	3,000.00
Financial Advisor Fee	1.07747	50,000.00
Financial Advisor Expenses	0.04310	2,000.00
Fitch Rating Fee	0.53874	25,000.00
S&P Rating Fee	0.60338	28,000.00
Printer (est.)	0.10775	5,000.00
Paying / Escrow Agent	0.09589	4,450.00
DAC	0.08620	4,000.00
Miscellaneous	0.21549	10,000.00
	5.63409	261,450.00



# ESCROW DESCRIPTIONS

City of Hialeah  
Series 2015AB Proposed Financing

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Nov 30, 2015:						
SLGS	Certificate	12/30/2015	12/30/2015	23,657,102	0.070%	0.070%
				23,657,102		

## SLGS Summary

SLGS Rates File	05NOV15
Total Certificates of Indebtedness	23,657,102.00



ESCROW COST

City of Hialeah  
Series 2015AB Proposed Financing

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	12/30/2015	23,657,102	0.070%	23,657,102.00
		23,657,102		23,657,102.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
11/30/2015	23,657,102	0.99	23,657,102.99	0.068862%
	23,657,102	0.99	23,657,102.99	



ESCROW CASH FLOW

City of Hialeah  
Series 2015AB Proposed Financing

Date	Principal	Interest	Net Escrow Receipts	Present Value to 11/30/2015 @ 0.0688621%
12/30/2015	23,657,102.00	1,357.37	23,658,459.37	23,657,102.00
	23,657,102.00	1,357.37	23,658,459.37	23,657,102.00

Escrow Cost Summary

Purchase date	11/30/2015
Purchase cost of securities	23,657,102.00
Target for yield calculation	23,657,102.00

## ESCROW STATISTICS

### City of Hialeah Series 2015AB Proposed Financing

Escrow	Total Escrow Cost	Modified Duration (years)	PV of 1 bp change	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Special Obligation Refunding Revenue Bonds, Series 2015B, Global Proceeds Escrow:								
	23,657,102.99	0.083	197.07	0.068862%	0.068862%	23,578,866.15	78,236.83	0.01
	23,657,102.99		197.07			23,578,866.15	78,236.83	0.01

Delivery date 11/30/2015  
Arbitrage yield 4.085130%

FORM 8038 STATISTICS

City of Hialeah  
Series 2015AB Proposed Financing

Dated Date 11/30/2015  
Delivery Date 11/30/2015

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Bond Component:						
	12/01/2016		1.240%	100.000		
	12/01/2016	700,000.00	5.000%	104.258	729,806.00	700,000.00
	12/01/2017		1.728%	100.000		
	12/01/2017	730,000.00	5.000%	107.497	784,728.10	730,000.00
	12/01/2018		2.184%	100.000		
	12/01/2018	770,000.00	5.000%	110.239	848,840.30	770,000.00
	12/01/2019	1,150,000.00	2.583%	100.000	1,150,000.00	1,150,000.00
	12/01/2019	805,000.00	5.000%	112.511	905,713.55	805,000.00
	12/01/2020	1,185,000.00	2.933%	100.000	1,185,000.00	1,185,000.00
	12/01/2020	850,000.00	5.000%	114.112	969,952.00	850,000.00
	12/01/2021	1,220,000.00	3.140%	100.000	1,220,000.00	1,220,000.00
	12/01/2021	890,000.00	5.000%	115.118	1,024,550.20	890,000.00
	12/01/2022	1,260,000.00	3.440%	100.000	1,260,000.00	1,260,000.00
	12/01/2022	935,000.00	5.000%	115.690	1,081,701.50	935,000.00
	12/01/2023	1,305,000.00	3.785%	100.000	1,305,000.00	1,305,000.00
	12/01/2023	985,000.00	5.000%	115.830	1,140,925.50	985,000.00
	12/01/2024	1,360,000.00	3.935%	100.000	1,360,000.00	1,360,000.00
	12/01/2024	1,030,000.00	5.000%	115.847	1,193,224.10	1,030,000.00
	12/01/2025	1,415,000.00	4.035%	100.000	1,415,000.00	1,415,000.00
	12/01/2025	1,085,000.00	5.000%	114.629	1,243,724.65	1,085,000.00
	12/01/2026	1,475,000.00	4.185%	100.000	1,475,000.00	1,475,000.00
	12/01/2026	1,145,000.00	5.000%	113.182	1,295,933.90	1,145,000.00
	12/01/2027	1,540,000.00	4.385%	100.000	1,540,000.00	1,540,000.00
	12/01/2027	1,200,000.00	5.000%	112.257	1,347,084.00	1,200,000.00
	12/01/2028	1,610,000.00	4.535%	100.000	1,610,000.00	1,610,000.00
	12/01/2028	1,260,000.00	5.000%	111.591	1,406,046.60	1,260,000.00
	12/01/2029	1,685,000.00	4.685%	100.000	1,685,000.00	1,685,000.00
	12/01/2029	1,320,000.00	5.000%	110.928	1,464,249.60	1,320,000.00
	12/01/2030	1,765,000.00	4.785%	100.000	1,765,000.00	1,765,000.00
	12/01/2030	1,390,000.00	5.000%	110.189	1,531,627.10	1,390,000.00
	12/01/2031	1,460,000.00	5.000%	109.618	1,600,422.80	1,460,000.00
	12/01/2032	1,540,000.00	5.000%	109.131	1,680,617.40	1,540,000.00
	12/01/2033	1,615,000.00	5.000%	108.728	1,755,957.20	1,615,000.00
	12/01/2034	1,695,000.00	5.000%	108.326	1,836,125.70	1,695,000.00
Term 2035:						
	12/01/2031	1,855,000.00	5.153%	100.000	1,855,000.00	1,855,000.00
	12/01/2032	1,955,000.00	5.153%	100.000	1,955,000.00	1,955,000.00
	12/01/2033	2,055,000.00	5.153%	100.000	2,055,000.00	2,055,000.00
	12/01/2034	2,165,000.00	5.153%	100.000	2,165,000.00	2,165,000.00
		46,405,000.00			48,841,230.20	46,405,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	12/01/2034	5.083%	4,001,125.70	3,860,000.00		
Entire Issue			48,841,230.20	46,405,000.00	11.9275	4.0851%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	396,024.50
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	23,657,102.99
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	11.1964
Remaining weighted average maturity of the bonds to be advance refunded	0.0000





## The PFM Group

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October 28, 2015

### Memorandum

**To:** City of Hialeah, Florida  
**From:** Public Financial Management  
**Re:** Series 2015AB Bonds – Plan of Finance and Method of Sale

---

#### Summary

The purpose of this memorandum is to summarize the planned issuance of the City's Special Obligation Bonds, Series 2015A (Pension Obligation) and Series 2015B (Refunding). The plan of finance for the Series 2015AB Bonds (the "Bonds") includes a 20-year new money series (Series A) from which the proceeds will be used to make the City's annually required contribution towards the pension plan. The City intends to issue 2015A Bonds in a sufficient amount to make an approximately \$17M payment towards the FY 2015 pension payment, with the remaining approximately \$8M being used towards a portion of the FY 2016 pension payment. In addition to the 2015A Bonds, the City intends to issue Series 2015B Refunding Bonds in an approximate amount of \$25M in order to refund outstanding Series 2005A Bonds (originally issued through the Florida Municipal Loan Council, "FMLC") for annual debt service savings. The refunding bonds will not extend the original final maturity of the 2005A Bonds.

#### Security Structure

Based on discussions with members of the finance team (City, Bond Counsel, Financial Advisor) it has been determined that the City can pledge Franchise Fees as the primary security for the 2015 Bonds. Initially, the discussion contemplated securing the bonds with solely a covenant to budget and appropriate. However, recent headlines of major issuers not appropriating for debt service payments, followed by recent experiences with other pension bonds, suggests that investors have less appetite for securities (and specifically pension bonds) that do not have an explicit revenue pledge. As such, it was determined that the franchise fees would be an appropriate revenue to pledge to these bonds to make them more marketable to investors, with the goal of reducing the City's borrowing costs. From the City's perspective, Franchise Fees are one of the significant components of non-Ad Valorem revenues, so the City is effectively applying the same revenue source using this structure. In addition to the primary pledge, the Bonds will have a back-up pledge of the full basket of non-ad valorem revenues. It is our intent that this credit structure will provide the City with the best opportunity to have these bonds rated in the 'A' category. Upon subsequent discussions the City has determined that it would prefer to not include the water and wastewater component of the Franchise Fees in the Pledged Revenues. The remaining revenues should still be adequate to provide the benefits of increased credit metrics and marketability.

In Fiscal Year 2014, based on information provided by the City, the two components of the Franchise Fees resulted in \$11,099,080 of revenue (page 20 of the 2014 CAFR, less water/wastewater). Based on preliminary maximum annual debt service estimates for the 2015 Bonds of approximately \$3.9M, the bonds will have coverage of approximately 281% from the outset. Furthermore, in the draft Bond Ordinance the Additional Bonds Test has been drafted with a 200% requirement based on revenues in the prior Fiscal Year. That should result in a strong legal provision, while still providing the City with future flexibility to issue additional debt if



necessary. At this point in time, the City has indicated that it does not have any debt issuance plans in the foreseeable future.

#### Credit Considerations

As discussed previously in meetings with City decision-makers, we believe that the City is already facing considerable rating pressure from the agencies and the issuance of a bond for the purpose of paying a portion of the City's Annual Required Contribution (ARC) will only increase that pressure. In our view, one of the counter-measures the City has to prevent further negative rating action is to demonstrate a long-term financial plan that will ensure structurally-balanced budgets into the foreseeable future. While we cannot be certain that the plan itself will be sufficient, it will likely be viewed as a step in the right direction. PFM is currently working with the City on the financial forecast and structural budget initiatives. Long-term success, however, will largely depend on the City's ability and willingness to implement those initiatives.

If the City proceeds with a public offering of the 2015 Bonds, at least one credit rating will be required to effectively market the issue at lower yields than non-rated bonds. Absent a bond issuance however, because the City has outstanding debt and ratings from S&P and Fitch, it will at a minimum be required to respond to periodic surveillance requests from each agency. As the City is aware, Fitch currently rates the City's Covenant to Budget and Appropriate from non-Ad Valorem revenues ("CB&A") pledge as A- with a stable outlook. The Fitch rating was downgraded in October of 2013 (from A). Fitch cited *"continued revenue declines due to ongoing lower tax base values and management's unwillingness to raise taxes or fees...future expenditure growth is expected and there is uncertainty as to sufficient revenues to meet this growth."* Similarly, S&P currently rates the CB&A pledge as A- with a stable outlook. Concerns cited by S&P include nonstandard cross-default language in the City's bank loans, weak economic indicators, and imbalanced budgets. Commenting specifically on the City's pension contributions, S&P stated that the City's *"combined contribution to its pension and OPEB plans equaled, in our view, a high 19% of governmental expenditures in fiscal 2013."* Furthermore on October 1, 2015, Fitch released their credit surveillance report and lowered the rating outlook on the City's bonds to negative. Fitch is acutely aware of the rising pension cost and cited *the City's ability to achieve sustainable structural balance* as a concern leading to the negative outlook. An outlook is defined by Fitch to *"reflect financial or other trends that have not yet reached the level that would trigger a rating action, but which may do so if such trends continue."*

In terms of this financing and our review of the City's credit metrics in light of the available rating agency publications, we do not believe that the issuance of additional debt itself would trigger any rating actions. Using the Moody's and S&P quantitative analytics, the City's credit rating should remain in the 'A' rating category. However, it should be noted that all of the agencies provide themselves with adequate leeway to make "qualitative adjustments," allowing them to notch ratings down (or up) further than the scoring methodology might suggest. That is very likely to be the case with the City, where financing operating expenses (ARC) will be viewed as a negative mark against the City. Again, it is plausible that the agencies will consider this as a near-term measure that is part of a broader plan to restore the City to structural balance.

Below we have provided the results of our analysis using the Moody's and S&P scorecard methodologies (Fitch at this point doesn't provide a transparent calculation tool). Please note that these scores are indicative of the calculated General Obligation score; and typically the rating agencies rate a CB&A security one notch below the general obligation score.





### Moody's Local Government Rating Calculator

Category	Weight	Indicated Rating
Economy/Tax Base	30%	3.37
Fund Balance	15%	3.05
Cash Balance	15%	1.97
Management	20%	3.09
Direct Debt	10%	2.69
Pension Liability	10%	3.29
Indicated Rating Score	100%	2.98
Indicated Rating	-	<b>A2</b>

### S&P's Local Government Rating Calculator

Score Table	Indicative Score	Adjustment	Adjusted Score	Weight
Institutional Framework Score:	2		2	10%
Economic Score:	5.0		5.0	30%
Management Score:	3		3	20%
Budgetary Flexibility Score:	2		2	10%
Budgetary Performance Score	2		2	10%
Liquidity Score:	1		1	10%
Debt and Contingent Liability:	3	-1	2	10%
Weighted Average Score:	3.00			
Rating Cap:				
Indicative Rating:	-1 notch(s)		<b>A</b>	

In addition to the underlying rating, PFM will seek insurance quotes for the bonds that may help to reduce the borrowing costs. That determination will be made closer to pricing, after receipt of the underlying credit ratings and further feedback from the Senior Manager marketing the bonds.

### Method of Sale

The City of Hialeah is not a frequent issuer in the capital markets and as such is not a well-known name by most municipal investors. In addition, the fact that the 2015A Bonds are being used to fund pension payments will make certain investors cautious about purchasing the bonds. This was additionally highlighted, and at times characterized as "financing current expenses" by several of the underwriter's that were interviewed during the RFP process for underwriting services. While it is typically an issuer's preference to issue bonds via competitive sale, we believe that the City's offering will be better served in terms of certainty of execution and lower cost, through a negotiated sale method. Through a competitive process, the City selected Siftel, Nicolaus & Company to serve as the senior manager.

There are a number of considerations in establishing a method of sale for any bond issue. Factors supporting one sale methodology versus another are highlighted in the table found below. The issues shown in the table should be viewed as indicators of the most effective approach given the circumstances. Many issuers will find characteristics for a specific set of



circumstances that fall in both columns. The following traits are key considerations in our recommendation to move forward with a negotiated sale process:

- **Municipal Market Conditions**– At this time, municipal market conditions are still volatile, and changes in the global economic outlook could materially change US Treasury yields. Central bank policy in both the US and abroad has generally been the cause of this volatility. On September 17, Fed Chair Janet Yellen announced that the Federal Reserve would not change the interest rate due to inflation targets not being met, along with concern over developments occurring abroad. On October 28<sup>th</sup> the Fed again decided to leave the rate unchanged, however did provide signs of potential tightening in monetary policy, which is currently expected to occur before year-end. The markets will be anticipating the next Federal Reserve meeting on Dec 16 for any changes. Given this uncertainty, a negotiated sale should afford the City with greater flexibility in structuring the financing to meet investor interest. Support from a negotiated banker may also be important if market conditions create unsold balances.
- **Market awareness / Frequency of Issuer**– Given that the City is an infrequent issuer, the municipal markets are less familiar with the City and its credit than with other issuers who are in the market more frequently. Thus, investors typically would need to 'do their homework' on the City and the credit. Typically, one of the best sources of investor education comes from the Senior Underwriter and the Syndicate. The underwriters serve as the sales force for the bonds, and have the majority (if not all) of the communication with the investors. Therefore they are in the best position to provide investor education, through investor roadshows, conference calls, and sales force teach-ins. All of these tools would not be as available in a competitive sale, where banks are bidding on the bonds without having meaningful marketing discussions with investors.
- **Credit Quality** – Many investors look for credits that are backed by reliable securities and strong, investment grade ratings. As you slide down the ratings scale toward the lower A and BBB categories, the investor base will shrink, as many institutions simply cannot invest in lower-rated securities due to internal regulation. A negotiated sale facilitates the process of finding investors and in terms of who is eligible to purchase the credit, and the Senior Manager will be able to market the City's offering to likely investors in order to generate sufficient demand.

#### Conclusion

As described throughout this memorandum, the Series 2015AB Bonds will be a challenging credit for several reasons. First and foremost, the City should, and is in the process of, taking the steps necessary to create a structurally balanced budget into the future, and as a result protect its credit ratings. The 2015A Bonds should be viewed as an interim step to this objective, and not a means that can, or should, be accessed again in the future. Second, the market and investors have scrutinized the use of POB financing and the source of security on the bonds. In this case, the transaction is less a POB financing and more a financing for a particular ARC payment, which will be a challenging story to overcome during the credit agency review and investor outreach phase. We believe marketing the bonds will be best served with close coordination by the Senior Manager and Underwriting Syndicate. As such, we have recommended that the City utilize a negotiated method of sale as that will likely provide the most effective way to market the bonds to a broad base of investors.



### METHOD OF SALE CONSIDERATIONS

Attributes	Competitive Sale	Negotiated Sale
<b>Issuer</b>		
<i>Type of Organization</i>	Broad-based, general-purpose government	Special-purpose enterprise, independent authority
<i>Frequency of Issuance</i>	Regular borrower in public market	New or infrequent issuer of debt
<i>Market Awareness</i>	Active secondary market with wide investor base	Little or no institutional base, but growing dealer interest
<i>Credit Quality Rating</i>	Mid-"A" or better	Below mid-"A"
<i>Pledged Revenues</i>	General taxes	Project supported revenues
<i>Security Structure</i>	Conventional resolution and cash flow; rate covenant and coverage	Unusual or weak covenants; subordinated debt
<i>Trend</i>	Stable	Declining or under stress
<b>Market Conditions</b>		
<i>Interest Rates</i>	Stable, predictable market	Volatile or declining market
<i>Demand</i>	Strong investor demand, good liquidity, light forward calendar	Oversold market, heavy supply; coupon, structure or maturity requirements not favored in current market
<b>Debt Structure</b>		
<i>Tax Status</i>	Tax-exempt, no concerns	Taxable
<i>Debt Instrument</i>	Traditional serial and term, full-coupon bonds	Aggressive use of innovative bond structuring, derivative products, swaps, or variable-rate debt instruments
<b>Marketing</b>		
<i>Use of Underwriters</i>	Broad market participation	Ability to select "best qualified" banker and direct business to local or regional firms
<i>Investors</i>	Process blind to ultimate investors	Sale can be managed to achieve wide distribution or targeted allotments; can give priority to retail/ local investors
<i>Pre-marketing</i>	Limited need for pre-marketing – commodity, market pricing	Specific pre-sale activity to generate demand
<i>Flexibility in Timing</i>	Less flexibility	Greater flexibility in timing
<i>Fine Tuning Structure</i>	Limited options given to bidders	Unlimited ability to fine tune
<b>Cost</b>		
<i>Gross Spread</i>	Historically, spreads have been lower for competitive sales	Generally higher spreads than competitive sales
<i>Interest Rate</i>	Highest market price for commodity offered on day of sale	Best match of product with specific investor demand
<b>Preparation</b>		
<i>Resolution/Structure</i>	Issuer determines own preference for managing	Professional banking support and more direct marketing input in balancing security for investor vs. flexibility for issuer
<i>Disclosure</i>	Issuer relies on own program disclosure	Underwriters' counsel assists in the preparation of official statement